

MINUTES OF REGULAR MEETING OF KISSIMMEE UTILITY AUTHORITY HELD
WEDNESDAY, NOVEMBER 28, 1990, AT 6:00 PM, BOARD ROOM, ADMINISTRATION
BUILDING, KISSIMMEE, FLORIDA

Present at the meeting were Chairman Hord, Secretary Bobroff, Assistant Secretary Lowenstein, Attorney Brinson, Mayor Pollet, General Manager Welsh, and Recording Secretary Rundio. Vice-Chairman Gant and Director Jones were absent.

A. **MEETING CALLED TO ORDER** at 6:00 P.M. by Chairman Hord.

B. **AWARDS AND PRESENTATIONS**

1. **PROCLAMATION - BRUCE VAN METER**

Chairman Hord read a Proclamation to former Mayor Bruce Van Meter, who completed a two-year term as Director (Ex-Officio) on KUA's Board of Directors. Bruce was commended for his many contributions and accomplishments to the Board and KUA and he was presented with the Proclamation and a Cross pen.

General Manager Welsh expressed his personal thanks and appreciation for Bruce's services and contributions to KUA.

Bruce extended thanks to all, saying that it has been an exciting time watching KUA grow over the years and he commended the Board, the General Manager and staff for "putting KUA together", now a major player on the local scene. He said he was proud to be a part of it.

2. **CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING (COMPREHENSIVE ANNUAL FINANCIAL REPORT 1989)**

For the third consecutive year KUA has been chosen for the GFOA (Government Finance Officer Association) Award for Financial Reporting for fiscal year ended September 30, 1989. Chairman Hord presented Joe Hostetler, Director/Finance, and his staff with a GFOA Certificate of Achievement plaque on behalf of KUA.

This award represents the highest form of recognition in governmental accounting and financial reporting, as well as being a significant accomplishment by a government and its management.

Director Bobroff stated that he was most proud to see the improvement made in the final annual Budget report for FY 1991. He considered it to be a very real and professional publication and thanked Mr. Hostetler and his staff for their efforts.

3. **10-YEAR SERVICE AWARD - TOM LAY**

Mr. Welsh highlighted Tom Lay's achievements for his ten years of continuous service. Tom is a supervisor on "A" shift, who is known to be very reliable and knowledgeable of equipment. Mr. Welsh commended him for his positive attitude, dedication and for his many contributions to KUA. Tom will be retiring in the spring of 1991 and he was wished all the best.

Chairman Hord congratulated and thanked Tom and presented him with a ten-year service pin on behalf of the members and staff.

4. **20-YEAR SERVICE AWARD - JON COLE**

Jon Cole, Line Foreman/Distribution, began his employment with the City of Kissimmee in 1970, became Lineman in 1981, and Line Foreman in 1985. He was depicted as a very reliable employee, doing underground three phase jobs, and helping train our groundmen. Mr. Welsh stated that Jon does an outstanding job in any assigned tasks

and that Jon has seen many changes within KUA in those 20 years. Jon has assisted in decorating the downtown area and has participated significantly as CoChairman of the Employee Organization Committee (EOC). KUA is indeed fortunate having him on board.

Jon was presented with a thermometer/barometer plaque by Chairman Hord, with congratulations.

5. DECEMBER EMPLOYEE OF THE MONTH - NEIL BEVILLE

Mr. Welsh introduced Neil Beville, Auto Mechanic/Distribution, as having been selected for the honor of December Employee of the Month by his fellow employees. Having joined KUA in November 1989, Neil's positive attitude, reliability and dedication have made him a very valuable asset to XUA.

Presentation of a plaque and a \$100 U.S. Savings Bond was made to Neil by the Board. He will also receive one day off with pay during December and a "reserved" parking space for the month.

C. HEAR THE AUDIENCE

Jim Scott, BVL (Buenaventura Lakes), questioned the \$700,000 that KUA was contributing to the County, which he considered to be bad timing in view of the world fuel shortages and increased fuel costs at this time.

Chairman Hord informed him that this decision had been made early in 1990, prior to the world fuel situation. Mr. Welsh said the decision of the Board was not a "gift" per se, but was half of the surcharge revenue from out-of-city customers returned to the County at the urging of the BVL customers the previous year. This is an approximate sum.

D. PUBLIC HEARING

Chairman Hord announced the Public Hearing and solicited the public's comments.

1. COST OF POWER ADJUSTMENT

Ben Sharma, Director of Power Supply, briefed the Board members on the current status of the Cost of Power Adjustment and staff recommended that the Board approve a charge of \$6.68 per 1000 kWh in customers' bills effective December 1, 1990, up \$3.13 per 1000 kWh from last month's charge of \$3.55. Mr. Welsh explained the current need in view of the increasing world fuel crisis and escalating fuel charges

Lengthy discussions followed on the pros and cons of increasing the COPA more or less than the recommended \$6.68 in an effort to help alleviate the deficit. Attempting to project future price of fuel is impossible at this time.

Jim Scott expressed concern over how the increase would affect individuals on limited income. Staff explained how the increases in fuel and purchase power cost must be passed along to the consumer.

Moved by Director Bobroff to authorize staff to charge the recommended \$6.68 per 1000 kWh in customers' bills, effective December 1, 1990. Seconded by Director Lowenstein.

**Motion carried 3 - 0
Directors Gant and Jones absent**

E. INFORMATIONAL REPORTS (REQUIRING NO ACTION)

1. MONTHLY PROGRESS REPORT ON ENGINEERING PROJECTS

Director of Planning & Engineering, Ken Davis, highlighted ongoing projects.

All right-of-way acquisition on the Michigan Avenue Line Relocation (Phase II) is completed by the County and the contractor has begun work on the line relocation.

All transmission structures have been set and the transfer of conductors has begun. Good progress has begun and completion is expected next month. Regarding the Transmission System Planning Study, initial discussions are underway on the conceptual design of the new substation and transmission line. Additional routing was being looked at for the transmission line.

Pursuant to a discussion at the last meeting regarding the concept for advertising for property for the substations, Mr. Davis said that we will proceed with a general advertisement for a certain area for the substation property and await response to it. It will state that anyone with an interest come forth, rather than our taking a bidding type ad. Attorney Brinson had no additional comments concerning this process.

Mr. Davis said we are awaiting word from Florida Power Corporation on the timing and cost for the upgrade on the power plant to Lake Bryan circuit. Surveys have been received on the Bermuda Avenue site development. Conceptual planning and analysis by architects and engineers have commenced. The earliest we can expect to get into their work schedule is FY 1992. This will be our cost, in association with several of their lines.

Regarding the Bermuda Avenue site development, the architect and engineers have begun Phase I, conceptual planning and analysis of the site and building. We have contracted to have an appraisal performed on the property and we expect this by around December 20th.

2. CONDENSED FINANCIAL REPORT

Joe Hostetler, Director/Finance, said our net income is over our budget estimate for this time of year. Questions by the members were responded to by staff on several items. Lengthy discussions followed on COPA, the rate stabilization fund, depreciation expense on the plant and equipment, etc.

Mr. Hostetler pointed out that a new format for the monthly Project Report showing the Prior Year's Construction Work in Progress has been accomplished, as requested by Director Gant at the previous meetings.

In response to Chairman Hord's queries, Mr. Welsh explained via overhead the rate history prior to and after KUA became an autonomous entity (10/1/85).

Mr. Welsh suggested that all rate, COPA and other financial concerns be discussed at the Five Year Plan Meeting on December 5th. The members agreed.

Director Bobroff inquired as to our long-term indebtedness figure at the time KUA became a separate entity. Mr. Welsh indicated that we were approximately 100% debt financed at that time. Mr. Welsh said that we are projected to be 50% debt financed and 50% equity financed in the next five years per the Five Year Plan.

3. MONTHLY REPORT ON POWER SUPPLY DEPARTMENT PROJECTS

Ben Sharma gave an oral presentation of Power Supply's recently initiated Monthly Progress Report. He highlighted the Gas Turbine and

SCADA projects, Base Load Facility for 1997 (Stanton 2 or alternative), KUA's Energy Conservation Plan approval by the Florida Public Service Commission, and the possible feasibility study for KUA instituting Load Management.

The Board early on had agreed to have Black & Veatch submit quarterly reports on the Gas Turbine Project. The first report is due in January when Don Knighton, managing partner, will be present to make the report. These reports will ensure management attention to the project, covering licensing, permitting, etc. The Board agreed that Black & Veatch submit such quarterly update reports to keep the Board and staff abreast of developments.

F. OLD BUSINESS

1. SERVICE AGREEMENTS FOR FIRM & PREFERRED TRANSPORTATION SERVICE WITH FLORIDA GAS TRANSMISSION COMPANY (FGT)

Mr. Sharma explained the need and purpose of the above agreements for firm and preferred transportation service with FGT, and highlighted the savings effected. He said staff has arranged with independent gas producers for the supply of gas for FGT's transportation. This will be an amendment to the firm direct contract we signed in November of 1989 in the sense that the former contract was for 100% allocation. This contract is for the conversion of 20% allocation, changing our firm gas contract to firm transportation.

Mr. Welsh said this agreement was put into effect verbally on November 11th. At this time, he said, staff asked the Board to approve execution of the agreement. A savings of approximately \$9,000 was realized in the interim prior to the execution of the agreement.

Moved by Director Bobroff to accept staff's recommendation for approval of the Service Agreements for Firm and Preferred Transportation Services with Florida Gas Transmission Company (FGT); and authorize the Chairman and Secretary to execute the same. Seconded by Director Lowenstein.

**Motion carried 3 - 0
Directors Gant and Jones absent**

G. NEW BUSINESS

1. ENGINEERING SERVICES FOR STANTON 2 (OR EQUIVALENT) NEED FOR POWER SUBMISSION TO PUBLIC SERVICE COMMISSION

Mr. Sharma explained the requirements for the Need For Power (NFP) by Public Service Commission (PSC) as one of the early steps towards the construction of a new electric generating facility in the State of Florida. OUC and KUA are required to provide background information and justification for their individual portion of the capacity requirement. Black & Veatch has proposed to perform the services for KUA's capacity needs for a not-to-exceed fee of \$85,500. Staff's recommendation was for the Board's approval of these engineering services in preparing and submitting the Need For Power application to PSC for the specified fee.

Mr. Welsh indicated that we have a need for this base load unit to Stanton 2. Discussions followed.

Moved by Director Lowenstein, seconded by Director Bobroff, to accept staff's recommendation to approve Black & Veatch's proposal to assist RUA in preparing and submitting the Need For Power application to PSC for a not-to-exceed fee of \$85,500. Also, authorize the transfer of the said funds from the Reserve for Future Capital Outlay.

**Motion carried 3 - 0
Directors Gant and Jones absent**

In conjunction with the above, Attorney Brinson discussed with the Board the need for having an outside attorney represent KUA before the PSC. Attorney Brinson was instructed to contact Attorney Roy Young of Tallahassee to provide legal support during the testimony of KUA's witnesses in this matter before the Florida Public Service Commission. Attorney Brinson said Attorney Young could represent Orlando Utilities Commission and KUA. Fees for services could be as a fixed retainer, hourly rate or a flat fee, estimated to last two to five days. Following discussions, it was agreed to hire Attorney Young on an hourly basis of \$175.00, for an estimated time period of two to five days (approximately 40 hours). Additional arrangements for any anticipated travel would be billed to KUA separately.

Moved by Director Lowenstein, seconded by Director Bobroff, to authorize Attorney Brinson to engage Attorney Roy Young in general to represent RUA in Tallahassee affairs in conjunction with the Need For Power application, services, etc., before the Florida Public Service Commission (FPSC) and to meet our agreement needs.

**Motion carried 3 - 0
Directors Gant and Jones absent**

H. CONSENT AGENDA

Moved by Director Bobroff, seconded by Director Lowenstein, to approve the Consent Agenda, as presented.

- 1. APPROVAL OF MINUTES OF OCTOBER 1, 1990, MEETING**
- 2. ANNUAL FUELS BID, IFB 91-001**
- 3. AWARD OF IFB #91-003, OVERHEAD CONDUCTOR**
- 4. AWARD OF IFB #91-004, PADMOUNT TRANSFORMERS**
- 5. COOLING TOWER REPAIR, IFB # 91-005**
- 6. ELECTRIC METERS, SOLE SOURCE PURCHASE**

**Motion carried 3 - 0
Directors Gant and Jones absent**

I. HEAR GENERAL MANAGER, ATTORNEY, DIRECTORS

GENERAL MANAGER

The Board approved the following changes to the 1990 Meeting Calendar:

**December 5, 1990 6:30 PM - 5-Year Plan Spec. Meeting
Add: December 12, 1990 6:00 PM - Energy Control Center and Administration
Facility Meeting**

The following changes were made to the 1991 Meeting Calendar:

**Delete: September 11, 1991 - Management Review Meeting
Add: December 4 and 5 (if needed) - 5-Year Plan Meeting**

Mr. Welsh reminded the Board members of the Employees Annual Christmas Party scheduled for Saturday, December 15th, at 6:30 P.M. at Pleasure Island (Disney Village).

Copies of the 1991-1995 Five Year Plan were distributed to the Board for perusal prior to the December 5th meeting.

ATTORNEY: None

DIRECTORS:

Director Bobroff said he felt the use of an Orlando address for payment of KUA bills (lock boxing) was inappropriate. He said our agreement was with Sun Bank in Kissimmee, rather than Orlando. He said that Sun Bank is doing our banking on the basis of an agreement that we had, approved by the Board, which included lock boxing. He assumed that we would be doing business with the local Sun Bank. Director Bobroff also felt that we should keep the business in the local community (Sun Bank, Kissimmee), or that an alternative would be that KUA process its own payment billing in-house. He said that a contract for lock boxing should come before and be approved by the Board.

Mr. Welsh explained that it would not be cost-effective for KUA to do lock boxing in-house due to lack of physical space and security. He suggested that we might reevaluate the lock boxing situation after moving into the new facility. Discussion continued.

The consensus of opinion was that when this comes up for bidding next time, that we evaluate the bidders and question how things would be handled and that the Board be consulted. We are not compelled to use lock boxes.

Chairman Hord questioned what the \$70,000 repair cost entailed for the cooling tower. Mr. Sharma said woodwork must be changed and other maintenance work was required. Replacing it would not be cost effective.

J. **ADJOURNMENT:** Meeting adjourned at 8:30 P M.

ATTEST:



SECRETARY



CHAIRMAN